WLGCC

Wisconsin Local Government Climate Coalition

Before the
Public Service Commission of Wisconsin

DRAFT Strategic Energy Assessment for January 1, 2022 Through December 31, 2028 — Docket 5-ES-111

Comments from the following Wisconsin Local Government Climate Coalition Members: City of Eau Claire, City of La Crosse, City of Madison, City of Middleton, City of Milwaukee, City of Stevens Point, City of Sun Prairie, City of Wausau, Village of McFarland, Dane County and Eau Claire County
on the Draft Strategic Energy Assessment for January 1, 2022 through December 31, 2028

The Wisconsin Local Government Climate Coalition (WLGCC) welcomes the opportunity to comment on the Public Service Commission of Wisconsin's (PSCW) Draft Strategic Energy Assessment for January 1, 2022 through December 31, 2028 (SEA).

WLGCC members represent one out of every three citizens in the state. The Coalition provides a platform for members to collaborate on overcoming barriers to decarbonization, accelerating local climate change solutions and ensuring the benefits of the clean energy economy are distributed to everyone throughout the state. Local governments and elected officials—as both large electricity users and policy making entities—have a unique perspective on the threats and challenges that climate change poses, a perspective that is often overlooked in policy debates.

Over the last decade Wisconsin local governments have made significant commitments to reducing carbon, accelerating energy efficiency and increasing use of renewable energy. Many local

governments have set ambitious climate goals. As such, we are keenly aware of the challenges of pursuing community wide decarbonization. We recognize that the state and its utilities will need to scale up their efforts to achieve their net zero carbon goals.

Relative to net zero carbon goals, WLGCC takes notice of the significant contribution provided through the recently released study, Achieving 100% Clean Energy in Wisconsin (the Clean Energy Report) published by a collaboration of organizations including RENEW Wisconsin and Clean Wisconsin. As local governments committed to community and economy-wide deep decarbonization (as referred to the in the Report), we very much appreciate the contribution the Clean Energy Report makes to this discussion.

The Clean Energy Report makes clear that, for relatively the same cost as achieving 100% clean electricity, Wisconsin can achieve economy-wide decarbonization by integrating multiple strategies (electrification, expanded transmission, demand-response and clean sources of electricity) together. Clearly Wisconsin will benefit from a holistic approach to decarbonization rather than a narrow focus on clean electricity, so WLGCC urges the Commission to think broadly. Other key insights from the Clean Energy Report include:

- Electrification across all sectors will increase electric usage and reduce electricity costs, generating long-term savings for electricity users
- Simultaneous electrification of end uses and decarbonization of electricity will change our electric system in substantial ways, creating a need for additional regional transmission lines
- Pursuing holistic decarbonization will also deliver economic development and job creation, especially in Wisconsin's Energy, Power and Controls industrial sector

For decades, utilities have planned, built and operated central station generation sources near their load centers. And for the most part, that system resulted in safe, affordable and reliable energy. Around the turn of the century, federal and state regulators started to focus more on the benefits of robust transmission to move energy between utilities, states and regions. That has resulted in energy markets that help deliver electricity at more affordable costs than might have otherwise been realized.

Today, however, we are experiencing significant changes to how energy can be and is generated, delivered and accessed.

- Renewable generation, particularly wind and solar, are now cheaper to produce than any other form of energy (see the Lazard Levelized Cost of Energy analysis). Those renewable resources at utility scale are often located in more remote parts of the country requiring transmission lines to move the electrons to load centers.
- Consumers are installing roof-top solar applications on their homes with some even utilizing battery storage to further reduce reliance on their local utility for electricity service.
- Commercial and industrial customers are committing to net-zero carbon emissions by contracting for their own clean energy resources and utilizing distributed energy resources.
- Education, health care and business entities are exploring the use of microgrids to serve their energy needs, where they generate, store and deliver the energy they need for their operations.
- Given Wisconsin's competitive position in the energy, power and controls industrial sector, this transition holds significant economic promise for Wisconsin companies to grow our economy.

All these changes are taking place as utilities, policy makers and consumers strive to reduce the amount of carbon in the atmosphere while also ensuring that electricity can be delivered safely, reliably and affordably.

As local governments, we recognize that the path to zero carbon will not and must not only occur in the electric sector. In fact, many of our communities have also taken steps to design specific strategies to address carbon impacts in the transportation sector and within residential, commercial and industrial buildings.

The WLGCC membership commends the PSCW for the Draft SEA and recognizes the significant steps it has taken to ensure our state's primary planning tool evolves and becomes an even more useful guide to Commission decision making in the future. But the statutory limitations placed on

the PSCW leave local governments concerned that we are still falling short in adequately planning for and supporting the transition in the electric sector.

And it is increasingly clear that the interconnected nature of the electric, transportation and buildings sectors will require a very different planning paradigm going forward.

The WLGCC comments in this docket focus on the key areas of data access, energy system planning, generation, transmission, energy efficiency/demand response and affordability. In each section we rely on insights from the Clean Energy Report to illustrate our perspectives.

Data Access

The Clean Energy Report is compelling because it leverages local data and world class modeling protocols. Local governments also leverage data and modeling to achieve their clean energy goals. Wisconsin local governments are working to reduce greenhouse gas emissions in our communities both at the community level and at the individual building level. Following the adage "You can't manage what you can't measure," communities in the WLGCC need a better framework for collecting energy data. This includes 1) requiring utilities to provide communities (municipalities and counties) with aggregate energy data for properties in their jurisdiction; and 2) requiring utilities to help building owners more easily acquire energy data for their properties. This is especially true for multi-tenant properties that may have multiple meters. WLGCC is supportive of including utility data access as an important category for further analysis in the Strategic Energy Assessment and future regulatory action.

Aggregate Community Level Energy Data

Most communities begin the process of planning for emissions reductions by first conducting a Greenhouse Gas Inventory, usually using the ICLEI ClearPath framework. This requires collecting data for a community from electric and gas utilities, as well as other data points. WLGCC communities recommend that the PSCW require Wisconsin utilities to make community energy data readily publicly available, consistent with ICLEI's data categories. Xcel Energy's

Community Energy Reports are an excellent example and should be replicated by every utility in the state.

Building Level Data

Municipal and commercial building owners and managers are increasingly using the ENERGY STAR® Portfolio Manager ["Portfolio Manager"] to benchmark their building's energy use. Utility regulatory improvements that would greatly streamline the collection and management of energy data include the following:

1. Require all utilities in Wisconsin to provide customers the ability to expeditiously upload a customer's whole property utility data into ENERGY STAR® Portfolio Manager. While most customers have online data, it is often not in a format that can be easily uploaded into Portfolio Manager and, instead, requires the time-consuming entry of utility bills from multiple meters at a particular location. Best practice would be for Wisconsin utilities to utilize the Portfolio Manager Web Services application programming interface (API) to directly transfer energy consumption data from the utility's data system to the requestor's Portfolio Manager account. Xcel Energy does make use of this service to transfer energy consumption data to their Wisconsin commercial customers' ENERGY STAR® Portfolio Manager accounts, along with dozens of other utilities nationwide. The full list of those utilities as of November 2020 can be found here. Short of this type of direct transfer of data, energy consumption data downloaded from online utility accounts should align with Portfolio Manager's sample spreadsheet format, to allow for a near seamless transfer of energy data from online utility bills into customers' ENERGY STAR® Portfolio Manager accounts.

2. Provide property owners and operators with access to standardized, historic energy consumption data for all electric and gas meters on their properties, to ensure easy integration into commercial customers' ENERGY STAR® Portfolio Manager accounts, so that they can track energy consumption increases, reductions and anomalies over time. Non-standard data can result in difficulties tracking energy consumption over time in the Portfolio Manager tool. Some sample policy language from the Environmental Protection Agency (EPA) includes the following:

"On or after [date], upon request and authorization of a property representative, a utility shall provide the property representative with at least [xx] consecutive months of energy consumption data for the specified property for all fuel type(s) provided by the utility. Data must include total property energy consumption, accounting for all utility meters that measure energy consumption at the property, regardless of whether the associated accounts are paid by the property owner or the tenants. The utility shall provide the data to the requestor within [xx] days of receiving a data request, with the following considerations regarding format:

a. Data must be provided in an electronic format capable of being uploaded ENERGY STAR® Portfolio Manager, or through the direct, secure upload to an ENERGY STAR® Portfolio Manager account specified by the property representative, using the Portfolio Manager Web Services application programming interface (API).
b. Energy consumption data must be provided in intervals that do not exceed 65 days. Utilities shall not provide electric or natural gas consumption data in quarterly or annual increments; however, this is allowable for any fuels that are delivered on an intermittent basis including fuel oil or diesel.
c. Where individual meters that are being aggregated have different start/end periods, that utility shall apply a calendarization approach consistent with that used by ENERGY STAR Portfolio Manager."

More sample policy language can be accessed here.

Addressing Potential Utility Concerns

Customer Data Privacy Concerns

Customer privacy concerns should not be a hindrance to providing customers with energy consumption data. Such privacy concerns, particularly regarding multi-tenant or multi-family buildings, can be managed through the aggregation of customer data and other appropriate policy guidelines. The following sample policy language deals with this potential concern:

"Utilities shall deliver data to the property representative in a manner that aggregates energy consumption data across all meters/accounts at the property. Prior to delivery of aggregated consumption data, utilities shall coordinate with the property representative to identify and confirm

the list of accounts and/or meters that will be used to calculate the aggregated total. In order to ensure accuracy and transparency over time, the utility will maintain a record of all accounts/meters that populate a given property's aggregate consumption data in any given month. The utility shall ensure that this list does not contain individual tenant energy consumption." Additional discussion and best practices regarding data access and utility customer confidentiality can be found here.

Cost Recovery

Implementing these changes to improve energy consumption data access will likely require IT and other programmatic investments by utilities. Cost recovery for these investments is possible and has been sought by utilities across the country. For example, these investments could be considered an energy efficiency program expense or as part of a broader function such as customer support, which could then be included in base rates or other cost recovery mechanisms. Further discussion of cost recovery options for utilities can be found on pages 3-4 of this EPA guidance document.

Energy System Planning

The Draft SEA notes: "To support more transparent resource planning Commission staff…requested additional information from [electric] providers…" Again, we recognize and applaud these efforts and believe that the Commission staff seeking more detailed and comprehensive resource information from utilities is a good start, but it is not sufficient considering the changing nature of energy systems today.

As the generation and access of energy has become more decentralized and varied, Wisconsin must become more sophisticated in its energy system modeling and planning, considering the varied stakeholders impacted by and impactful to the energy system. More comprehensive modeling and planning must consider a variety of factors, including:

- Carbon reduction targets and associated cost of carbon
- Costs of delivered energy

- Energy system costs (generation, transmission and distribution)
- Health impacts associated with the pacing of carbon reductions and the cost of those impacts
- Economic impacts of using more renewable energy resources
- Economic and energy system impacts of greater energy efficiency efforts, especially with commercial and industrial customers
- Economic and energy system impacts of the greater use of distributed energy resources
- Time frames looking at 10, 20 and 30-year futures

The WLGCC members believe that Wisconsin must develop a comprehensive, inclusive and transparent energy system planning process. We encourage the Commission to continue its assessment of energy generation, delivery and access in Wisconsin considering the factors identified above and all the state's energy consumers. However, we do not believe that given current statutory restrictions, this will be adequate to protect Wisconsin ratepayers and/or support local government climate and clean energy aspirations. Further, our concern is that existing restrictions will ultimately undermine our state's economic competitiveness going forward.

We would suggest two options for improving upon our current planning paradigm.

- First, develop a new statutory framework for energy system planning that incorporates and regularly models the interaction between the electric, natural gas generation, transportation and buildings sectors.
- Second, the Commission could encourage a new, voluntary stakeholder driven process that would—in partnership with the state's utilities and informed by independent economic and engineering modeling—provide medium- and long-term scenario analysis to the Commission for its review and consideration in decision making.

<u>Generation</u>

Wisconsin's utilities have committed to net-zero carbon reduction by 2050, resulting in the planned retirement of 3,300 MW of existing generation by 2028 and 2,800 MW by 2022.

Conversely, utilities are planning to add 2,500 MW of solar, 400 MW of natural gas, 100 MW of wind and 500 MW of battery storage by 2028.

In fact, utilities have announced certain dates for retiring coal facilities and the PSCW has subsequently approved a number of significant renewable energy and storage projects. All of this is good and necessary to meet the state's reliability and cost effectiveness goals as well as its carbon reduction goals.

However, recent utility announcements delaying the retirement of coal plants raise several concerns and highlight another deficiency of our planning process in Wisconsin. At the time the utilities announced the coal retirements, they did so voluntarily. The PSCW and the public recognized those decisions and the general assumption that the utilities would abide by those decisions. Based at least partially on those assumptions, and the need to replace the generation capacity lost with retirements, the PSCW subsequently approved new generation — solar and solar/battery projects.

While the utilities that delayed coal plant retirements have indicated these are short-term delays and they remain committed to the medium-term retirements dates that drove the PSCW's economic and reliability analysis in the new generation cases, the voluntary nature of the commitments — and lack of a transparent process to analyze the economic and reliability rationale for those delays — raises some concerns about future utility decision making.

We would encourage the PSCW to require any future delay decisions to include a formal filing by the requesting utilities and a transparent process that includes opportunity for public comment.

Resource Adequacy

The Draft SEA notes the fact that Wisconsin's utilities have historically had total projected net capacity levels above planning reserve requirements and well above projected peak demand.

The Commission should reconsider the appropriate level of resource adequacy for the state. MISO's examination of a seasonal resource adequacy framework is a reasoned first step. The WLGCC recommends that the Commission remain engaged with MISO's analysis as it considers appropriate resource adequacy for the state.

A Portfolio Approach to Distributed Energy Resources (DER)

As we noted above, the way in which energy is generated and accessed is changing daily. More and more consumers—be they commercial, industrial or residential—are looking for ways to hold the line on energy costs. Distributed energy resources, time-of-day rates and energy storage are just a few examples of the tools deployed by energy users. All indications are that more of these tools will be utilized in the coming years.

The Commission should embrace this new reality and evaluate these resources as another and important piece of the energy puzzle. Obviously, utility scale generation—mostly renewables in the coming years—is an important component of the state's energy mix but these other DER resources must also be considered and evaluated. Whether its rooftop solar, community solar or wind, microgrids with strong storage components, or energy efficiency; the Commission needs to consider all these resources as it evaluates the most cost effective and reliable way for the state's residents to meet their energy needs.

To that end, the WLGCC recommends that the Commission examine a distributed energy resources portfolio approach, just as it evaluates the utility scale renewable energy portfolios of the state's utilities. We draw the Commission's attention to the 'Achieving 100% Clean Energy in Wisconsin' study examination of the value of demand side management and DERs.

Electric Vehicle Assumptions

The WLGCC is concerned that the utilities are not appropriately accounting for the significant influx in zero emission vehicles, both at the fleet and personal level. Electric vehicles (EV) and

plug-in hybrid electric vehicles doubled from 2021 to 2022 nationwide and EV sales alone grew by 85% during that period. With more EV battery production likely to occur in the U.S. in the coming years and EV supply chain issues resolved, it follows that EV sales in the U.S. and Wisconsin will continue their impressive growth. The WLGCC encourages the Commission to further examine projected EV growth in Wisconsin and its effect on net projected load across Wisconsin's utilities. We would suggest that the PSCW work with the Wisconsin Department of Transportation to provide utilities and stakeholders with real time or quarterly update of EV registrations in Wisconsin as a data point for utility and Commission modeling going forward.

Transmission

As the Achieving 100% Clean Energy in Wisconsin report clearly demonstrates, additional transmission development is necessary if Wisconsin and its utilities are to meet their net-zero carbon reduction goals as cost effectively as possible. Experts project that the U.S. will need to more than double the capacity of the nation's transmission grid over the next two decades to access renewable resources that are often distant from load centers. According to Princeton University's Net Zero America research, between now and 2050, the U.S. could need as much as five times today's transmission capacity if we are to meet ambitious decarbonization goals.

The WLGCC understands that additional transmission planning and expansion must be an option that is carefully considered to meet our carbon and clean energy goals. We would further note MISO's recent approval of its Long-Range Transmission Plan Tranche 1 projects. Those projects along with the others likely to follow in the coming years will help expand the grid for enhanced access to clean energy resources, reliability and progress toward electrification. As noted in the 'Achieving 100% Clean Energy in Wisconsin' study, transmission expansion will deliver billions in economic savings over the life of the new transmission projects.

Energy Efficiency and Demand Response

The Clean Energy Report makes clear that managing energy and demand is key to achieving a net zero future. The WLGCC is a strong supporter of the Focus on Energy program and the results it

delivers, especially related to energy savings and the associated carbon dioxide emission reductions. As illustrated in multiple studies, Focus on Energy does not have sufficient funding to capture all of the cost-effective energy efficiency. While it might not be feasible in the near term to increase Focus funding, Wisconsin law allows utilities to spend more resources on voluntary energy efficiency programs, be they part of the work of Focus or solely initiated by the utility. The PSC and its SEA should encourage the utilities to do more to help customers choose cost effective energy efficient options.

The Draft SEA notes demand response as one of the tools used to reduce energy use. Demand response is a valuable tool, but it is under-utilized by the utilities and customers. The Draft SEA notes that not even one-half of the available demand response capacity was utilized from 2018-2021. The lack of utilization raises serious questions about the design and execution of the current demand response programs in this state.

Wisconsin's utilities should be encouraged to develop even bolder and more far-reaching demand response programs across residential, commercial and industrial customer loads. The coming influx of personal and fleet electric vehicles likely will be an opportunity for utilities to advance their demand response programming. The best opportunity to implement smart charging is when a customer buys their first EV and installs their first home charger which suggests immediate attention to this opportunity to advance demand response programs.

Affordability

In the most extreme of weather events, access to heat and air conditioning can be the difference between life and death. The WLGCC is grateful to the Commission, Focus on Energy program and the utilities for the efforts to ensure access to electricity and heat even when the affordability of that access may be an issue.

Further, the WLGCC commends the Commission for its leadership in acknowledging affordability of energy as an issue and all the work it has done on analyzing the energy burden faced by too

many, and too many of WLGCC members' constituents. The Commission's leadership has helped expose and define the problem before us.

The challenge now is engaging all stakeholders to help identify actionable solutions to the problems posed by the energy burden. While certainly helpful, Deferred Payment Arrangements are not the solution to the problem nor are referrals to other state local assistance programs. Without new, innovative thinking the vicious cycle of customers being billed, not able to pay and arranging for a write-off of some the bill and deferral of the rest will not end. This cycle needs to end.

The Commission does note that energy efficiency programs can help those most impacted to reduce the amount of energy they use. The WLGCC applauds the work of Focus on Energy in helping to spread the benefits of efficiency to those most burdened by energy's cost. The Commission, utilities and all stakeholders need to collaborate on what other tools could be crafted for use by Focus on Energy in helping to address the energy burden.

Too often, in the not-so-distant-past, fossil fuel burning central station generation plants were sited in or near underserved communities. Not only were those citizens burdened by hosting those facilities and experiencing adverse health impacts, but some were also not able to afford the energy generated in their backyard. As we move to a clean energy and decarbonized future, we owe those citizens our best efforts to ensure we reduce the impact of energy burden going forward.

Conclusion

The WLGCC appreciates the opportunity to provide feedback to the Commission on its Draft SEA for January 2022 – December 2028. The WLGCC is ready to work with the Commission and our state's utilities to reach our net-zero carbon emissions goal by 2050 or sooner, but we cannot achieve these goals with our current planning process. We must fully embrace the rapid energy evolution occurring throughout our economy, move expeditiously to adopt an economy-wide energy planning framework and be prepared to take the necessary policy and regulatory actions to support those goals. If we do not, we risk adding billions of dollars of unnecessary costs, losing

out on the tremendous economic development opportunities for our state and ultimately falling short of our 2050 carbon reduction goals.

Dated the 30th day of August 2022

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